



November 12, 2003

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DANA M. SMITH
Executive Officer

TO: Local Agency Formation Commission

FROM: Executive Officer
Senior Project Manager

SUBJECT: Proposed "TRA Annexation to the Orange County Vector Control District" (DA 03-02)

APPLICANT

Orange County Vector Control District, by resolution of application.

PROPOSAL

In February 2003, the Orange County Vector Control District ("OCVCD") filed an application with LAFCO for the annexation of two tax rate areas located in the City of Fullerton that had been inadvertently excluded from the District when it was originally formed in 1947. OCVCD's boundaries and service areas span the entire County with the exception of these two tax rate areas. The annexation site consists of approximately 133 acres located in and adjacent to the Fullerton Municipal Airport in the City of Fullerton.

OCVCD already provides services and assesses an annual "benefit assessment" fee to the affected properties in the annexation territory but is not currently collecting a share of the property tax revenues generated in the area. Annexation of the territory to OCVCD will properly align OCVCD services with the fees and tax revenues that accrue to the District for those services.

LOCATION

The proposed annexation is generally located in and around the Fullerton Municipal Airport, east of Dale Street, south of Artesia Avenue, west of Magnolia Avenue, and north of Valencia Drive. Please refer to the attached vicinity map.

LAND USE

Existing and surrounding land uses in the affected territory include the Fullerton Municipal Airport, commercial-retail properties, and residential homes.

ENVIRONMENTAL REVIEW

The project is categorically exempt pursuant to Section 15319 of the State CEQA Guidelines.

PROPERTY TAX

This proposal was initially brought before the Commission on May 14, 2003. The Commission continued the hearing for two months and eventually withdrew the project from LAFCO's public hearing calendar to allow additional time for OCVCD and other affected agencies to determine an appropriate transfer of future property tax revenues to OCVCD upon annexation. Additional time was deemed necessary due to the unique nature of the annexation and the special statutory provisions of Section 99.01 of the Revenue and Taxation Code that govern property tax transfers for annexations involving territories not previously served.

Since then, staff from the County Executive Office successfully and expeditiously facilitated the approval and adoption of property tax exchange resolutions by four agencies: County of Orange (including Orange County Flood Control District and Harbors Beaches and Parks), City of Fullerton, Orange County Sanitation District, and Orange County Water District. Under those resolutions, and in accordance with Section 99.01 of the Revenue and Taxation Code, each of the agencies has agreed to transfer a portion of their share of the prospective **annual tax increment** to OCVCD upon annexation of the two tax rate areas. This will provide OCVCD a share of the annual tax increment, or *new growth in tax dollars*, generated in the tax rates areas in future fiscal years but will not include any portion of the existing base property tax shared by the existing agencies today. The following table provides a breakout of the percentage share of the prospective annual tax increment ("ATI") each affected agency has agreed to transfer to OCVCD upon annexation.

Agency	Percentage Transfer of ATI to OCVCD	
	TRA 03-002	TRA 03-079
City of Fullerton	0.00061672721	0.00062630728
County of Orange (General Fund)	0.00023929218	0.00024299098
Harbors Beaches and Parks	0.00005933254	0.00000000000
OC Flood Control District	0.00007676045	0.00007795233
Orange County Water District	0.00002502130	0.00003347880
Water Reserve Fund	0.00000037584	0.00000050163
Orange County Sanitation District	0.00010684423	0.00014295290
TOTAL	0.00112435375	0.00112418392

RECOMMENDATIONS

Staff recommends that the Commission:

1. Adopt the form of resolution approving the "TRA Annexation to the Orange County Vector Control District" (DA 03-02) and authorize the Executive Officer to conduct protest proceedings pursuant to Government Code Sections 57000 et seq. within the minimum legal timeframe. The approval is subject to the following terms and conditions:
 - a) Payment of Recorder and State Board of Equalization fees.

- b) The applicant agrees to defend, hold harmless and indemnify LAFCO and/or its agents, officers and employees from any claim, action or proceeding against LAFCO and/or its agents, officers and employees to attack, set aside, void or annul the approval of LAFCO concerning this proposal or any action relating to or arising out of such approval.
- c) The effective date shall be the date of recordation.

Respectfully submitted,

DANA M. SMITH

KENNETH G. LEE

Exhibits:

1. Vicinity Map